

Statement

Insurance Association of Connecticut

Transportation Committee

March 2, 2015

HB 6349, AN ACT CONCERNING RIDE SHARING COMPANIES AND DRIVERS

I am Eric George, President of the Insurance Association of Connecticut (IAC).

The use of smart phone app-enabled ridesharing transportation services provided by transportation network companies (TNCs) has increased significantly in recent years. The IAC is supportive of the innovation embodied in this new form of transportation. However, the IAC strongly believes that consumers must be protected to the fullest extent possible as this industry and new transportation service grows and expands.

Most notably, we must ensure that the passenger, the driver and everyone else gets the benefit of proper and comprehensive insurance coverage. Personal auto insurance policies simply cannot cover these situations, which are "commercial activities".

Reliance on personal automobile insurance coverage with an overlay of additional commercial coverage will necessarily produce a gap in coverage that will be to the extreme detriment of the passenger, the driver and everyone else coming in contact with the vehicle.

The reason for this gap in coverage is that since the driver is engaging in a commercial activity, the typical livery exclusions that our standard in personal auto insurance policies would necessarily exclude coverage for any losses occurred during that period. Put simply, it is the obligation of the TNC to maintain commercial automobile insurance coverage for all periods that include commercial activity. The only way

that can happen is if a commercial policy is in place from the moment the app is activated through the activation of the app. This is commonly known as "app on the app off".

Ensuring that commercial automobile insurance is in place from app on to app off will cover all periods of commercial activity, and provide precise clarity which will help avoid coverage disputes and potential litigation which would be unnecessary, costly and harmful.

With that, we would like to offer proposed legislation which should be included in HB 6349 that will address this commercial activity being covered by commercial auto insurance. I have attached this statutory language to my testimony for your review.

Ultimately, the insurance provisions that must be included in any TNC\ridesharing legislation (including HB 6349) must provide support for innovation, protect insurance product certainty, define TNC activity and TNC insurance requirements and provide clarity and avoid disputes. The language that I have attached to this testimony does precisely that.

This new form of transportation is both exciting and innovative. The IAC fully supports the development of this industry, and believes that by requiring commercial auto insurance coverage all parties (most notably consumers) will benefit from the sparrow and appropriate protections.

Thank you for the opportunity to present IAC's viewpoint.